



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

ROBERT L. EMERSON
DIRECTOR

April 30, 2007

Dear Superintendent:

On April 30, 2007, I received an official notice from the State Treasurer that fiscal year 2007 school aid revenues are insufficient to fully fund existing appropriations. Pursuant to section 11(3) of the State School Aid Act, I notified the Legislature that payments to school districts will be prorated beginning with the June 20 school aid payment to reflect available revenues.

In anticipation of the May 2007 Consensus Revenue Estimating Conference, the Department of Treasury is currently estimating that state school aid revenues will be further reduced from the January Revenue Consensus Conference numbers by an estimated \$151 million, for a total remaining unresolved shortfall of \$213 million. In accordance with section 11(4) of the State School Aid Act, it is estimated that annualized state payments to local school districts and public school academies will be reduced approximately \$122 per pupil and payments to intermediate school districts will be reduced by approximately \$8 million or 1.84 percent. These estimates may be modified by revenue and pupil counts agreed to at the May 2007 Consensus Revenue Estimating Conference and other cost data updated by the Department of Education as it becomes available. Pursuant to section 11(3) of the State School Aid Act, payments for the Proposal A guarantee, Headlee-mandated special education and school lunch payments, Durant settlement payments, and federal grants are protected from pro-ration.

The Governor and I continue to stand ready to work in a bipartisan manner with the Legislature on alternative solutions to minimize the impact of reduced state revenues on our public schools.

Sincerely,

A handwritten signature in cursive script that reads "Robert L. Emerson".

Robert L. Emerson
State Budget Director

Attachment: Proration notification letter

cc: Governor Jennifer Granholm
Mary A. Lannoye, Chief of Staff
Tim Hughes, Governor's Legislative Liaison
Robert Kleine, State Treasurer
Mike Flanagan, Superintendent for Public Instruction
Senator Mike Bishop, Senate Majority Leader
Senator Mark Schauer, Senate Minority Leader
Representative Andy Dillon, Speaker of the House
Representative Craig DeRoche, House Minority Leader
Representative Matthew Gillard, House School Aid Appropriations
Subcommittee Chair
Senate Fiscal Agency
House Fiscal Agency
Office of Education and Infrastructure